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**PRELIMINARY DRAFT**  
**No. 3262**

**PREPARED BY**  
**LEGISLATIVE SERVICES AGENCY**  
**2006 GENERAL ASSEMBLY**

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**DIGEST**

**Citations Affected:** IC 6-4.1-1-3.

**Synopsis:** Inheritance tax. Removes a provision that prevents individuals who are adopted as adults after June 30, 2004, from being considered Class A transferees for purposes of the inheritance tax.

**Effective:** July 1, 2005 (retroactive).



A BILL FOR AN ACT to amend the Indiana Code concerning  
taxation.

*Be it enacted by the General Assembly of the State of Indiana:*

SECTION 1. IC 6-4.1-1-3, AS AMENDED BY P.L.238-2005,  
SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
JULY 1, 2005 (RETROACTIVE)]: Sec. 3. (a) "Class A transferee"  
means a transferee who is a:

- (1) lineal ancestor of the transferor;
- (2) lineal descendant of the transferor;
- (3) stepchild of the transferor, whether or not the stepchild is  
adopted by the transferor; or
- (4) lineal descendant of a stepchild of the transferor, whether or  
not the stepchild is adopted by the transferor.

(b) "Class B transferee" means a transferee who is a:

- (1) brother or sister of the transferor;
- (2) descendant of a brother or sister of the transferor; or
- (3) spouse, widow, or widower of a child of the transferor.

(c) "Class C transferee" means a transferee, except a surviving  
spouse, who is neither a Class A nor a Class B transferee.

(d) For purposes of this section, a legally adopted child is to be  
treated as if the child were the natural child of the child's adopting  
parent. ~~if the adoption occurred before the individual was totally  
emancipated. However, an individual adopted after being totally  
emancipated shall be treated as the natural child of the adopting parent  
if the adoption was finalized before July 1, 2004.~~

(e) For purposes of this section, if a relationship of loco parentis has  
existed for at least ten (10) years and if the relationship began before  
the child's fifteenth birthday, the child is to be considered the natural  
child of the loco parentis parent.

(f) As used in this section, "stepchild" means a child of the  
transferor's surviving, deceased, or former spouse who is not a child of  
the transferor.

SECTION 2. [EFFECTIVE JULY 1, 2005 (RETROACTIVE)]  
**IC 6-4.1-1-3, as amended by this act, applies to the estate of an**



- 1 **individual who dies after June 30, 2005.**
- 2 **SECTION 3. An emergency is declared for this act.**

